

July 21, 2005

Mr. Lyons Gray
President, Downtown Winston-Salem Partnership
500 W. 4th Street
Suite 101
Winston Salem, NC 27101-2782

Dear Mr. Gray:

Thank you for your letter to Administrator Stephen L. Johnson dated May 27, 2005, in which you transmit on behalf of the Environmental Financial Advisory Board (EFAB), the report entitled *Combined Operations of the Clean Water and Drinking Water State Revolving Loan Funds (SRFs)*. As always, I appreciate the opportunity to review and examine any input from EFAB. I found EFAB's previous report on the benefits of financing techniques such as 'backloading' to be particularly useful in a time in which we at EPA recognize that there is a substantial need for current investment in water and wastewater infrastructure around the country.

In the report, EFAB recommends that EPA undertake an examination of the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund programs to determine what opportunities and advantages exist for combined SRF operations.

While I believe that examining the possibility of creating a more efficient water finance program is always a worthy endeavor, I propose to send this report, along with instructions to further study the possibilities of combined operations, to the State/EPA Workgroup. The Workgroup is comprised of representatives of 18 States and EPA. Members include representatives from State Clean Water and Drinking Water SRF programs, EPA regional coordinators for both programs, and EPA headquarters representatives. Additionally, membership is split between SRF program directors and SRF finance directors. I believe that the expertise and varying viewpoints of the members of the Workgroup would best be able to provide feedback to EFAB, and work with EFAB to further examine potential opportunities or barriers. I would also like to extend an invitation to EFAB to send a representative to the State/EPA Workgroup meeting being held in Chicago, November 2-3, 2005. This would be a great opportunity for EFAB to present its views directly to the Workgroup.

Thank you again for providing this valuable input. Combining the operations of EPA's SRF programs is an idea that may lead to a more refined and efficient water infrastructure financing program. If you have any questions or wish to speak further about this issue, please contact James A. Hanlon, Director, Office of Wastewater Management, at (202) 564-0748, or Cynthia C. Dougherty, Director, Office of Ground Water and Drinking Water, at (202) 564-3750.

Sincerely,

/s/ original signed by Benjamin H. Grumbles

Benjamin H. Grumbles
Assistant Administrator

July 21, 2005

Mr. A. Stanley Meiburg
Deputy Regional Administrator
U.S. EPA, Region IV
61 Forsythe Street, SW
Atlanta, GA 30303

Dear Mr. Meiburg:

Thank you for your letter to Administrator Stephen L. Johnson dated May 27, 2005, in which you transmit on behalf of the Environmental Financial Advisory Board (EFAB), the report entitled *Combined Operations of the Clean Water and Drinking Water State Revolving Loan Funds (SRFs)*. As always, I appreciate the opportunity to review and examine any input from EFAB. I found EFAB's previous report on the benefits of financing techniques such as 'backloading' to be particularly useful in a time in which we at EPA recognize that there is a substantial need for current investment in water and wastewater infrastructure around the country.

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Thank you again for providing this valuable input. Combining the operations of EPA's SRF programs is an idea that may lead to a more refined and efficient water infrastructure financing program. I strongly encourage you to work closely with the State/EPA Workgroup and attend, if possible, the meeting in Chicago. If you have any questions or wish to speak further about this issue, please contact James A. Hanlon, Director, Office of Wastewater Management, at (202) 564-0748, or Cynthia C. Dougherty, Director, Office of Ground Water and Drinking Water, at (202) 564-3750.

Sincerely,

/s/ original signed by Benjamin H. Grumbles

Benjamin H. Grumbles
Assistant Administrator